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## Progress Seen in Lebanon Talks Despite Artillery Duels

**PLO's Political Chief Says '70% of Agreement' Is Complete; Premier Ends Boycott of Talks in Beirut**

Compiled by Our Staff From Dispatches

BEIRUT — Israeli forces besieging Beirut and Palestinian guerrillas trapped in the city fought fierce artillery and rocket duels Friday, but talks to end their month-long war appeared to be making some headway.

State-run Beirut radio said Israeli guns for districts throughout West Beirut, where 5,000 guerrillas are dug in alongside about 300,000 Lebanese and Palestinian civilians.

Signs of progress in the complicated negotiations to settle the conflict included talks between Premier Shafiq al-Hassan and President Elias Sarkis of Lebanon and Philip C. Habib, the U.S. special Middle East envoy.

Parouk Kaddoumi, the PLO's political chief, said in London that "10 percent of the agreement" is completed and said a plan might be ready "within 24 hours."

Mr. Kaddoumi said unresolved issues included the timing of a PLO withdrawal and the number of troops in a multinational peace-keeping force. The PLO would prefer United Nations supervision of such a force, he said.

He said the PLO was also insisting on leaving Beirut with all its heavy and light weapons by the Damascus highway to Syria. "They were proposing that we go out by sea," he said. "But we have to take all our weapons."

The PLO also wanted international guarantees that Palestinian

civilians left behind in Lebanon would be protected, he said.

Asked how far the 70 percent agreement had covered those points, Mr. Kaddoumi said, "I think most of these issues."

In another development in the negotiations, Mr. Wazzan drove Friday from his West Beirut office at the presidential palace in a five-day outside Beirut, ending a five-day boycott of the talks.

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civilians left behind in Lebanon would be protected, he said.

Mr. Wazzan said later that Syria would not accept PLO guerrillas.

Beirut radio quoted Mr. Wazzan as saying "many differences and difficulties remained, but many obstacles had been overcome." It said the premier hoped there would be concrete results soon.

Mr. Wazzan said in an interview on Lebanese television: "We are scaling one obstacle after another, but time is running out and there are supreme interests we have to save of which Lebanon is the foremost."

"Very few snags are left, but they are important to the expected launching of the operation designed to end the squeezing crisis we are undergoing," Mr. Wazzan said. "I hope that we shall arrive at a finalized agreement in an early follow-up of negotiations."

A Lebanese political observer, however, said there had been no substantive progress and that Mr. Wazzan was not optimistic about a peaceful solution to the crisis. The renewed fighting added to the pessimism.

Mr. Wazzan earlier had accused Mr. Habib of insisting that any U.S. peacekeeping force enter Beirut after the guerrillas withdraw, leaving the remaining Moslem civilians vulnerable to reprisals from Christian militiamen in East Beirut.

A key Lebanese mediator, Saeb Salam, said the PLO had dropped its demands to maintain a political and military presence in Lebanon.

Mr. Messe said Mr. Reagan was

still prepared to send U.S. troops to Lebanon despite a warning from Leonid I. Brezhnev, the Soviet leader.

"I think you always have to take theming they say seriously," he said of the Brezhnev message. "But I don't think it is of a nature that would keep us from going ahead and trying to accomplish a peaceful solution in Lebanon."

Beirut radio said a number of people had been killed and wounded in Friday's barrage. One shell fell near the Beirut International Airport and wounded 12 Lebanese policemen. Mr. Messe said Mr. Reagan was

fought back with rocket and machine-gun fire.

Both sides charged the other with opening fire. The Israeli military command reported seven soldiers wounded, one seriously. The Israelis said they returned the fire.

At dusk, the Israelis redoubled their bombardment and Beirut Radio said gunboats in the Mediterranean were involved. The guerrillas replied with an occasional salvo of rockets.

It was the fifth consecutive day of artillery and rocket duels in and around Beirut.

Israeli Radio also announced Friday that Israel was holding 9,000 Palestinian captives in Lebanon. Earlier reports spoke of 6,000 Palestinians captives.

## Reagan Reportedly Seeking Ways To Ease Ban on Siberian Pipeline

By Leslie H. Gelb

New York Times Service

WASHINGTON — President Reagan is searching for ways to ease economic sanctions against Poland and the Soviet Union, including a scaling back of the ban on equipment for the new gas pipeline from Siberia to Western Europe, according to administration officials.

"We are not grasping at straws," an official said. "But we are looking for an opportunity to respond if the Polish and Soviet authorities do something to make any progress" toward lifting martial law in Poland, resuming discussions with labor leaders of releasing political prisoners.

After the imposition of martial law in Poland in December, the United States applied sanctions against the Soviet Union, because Washington believed that Moscow had been at least indirectly responsible for the crackdown.

Reconsideration of the U.S. po-

sition, according to officials, came after what they described as an explosive meeting of Cabinet-level officers in the White House on June 27, 10 days after Mr. Reagan announced that the ban on sale of oil and gas equipment to the Soviet Union was being extended to foreign companies under U.S. license.

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(Continued on Page 2, Col. 5)

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## New Folk Heros Are Emerging Among Afghan Guerrillas

By Stuart Auerbach  
Washington Post Service

PESHAWAR, Pakistan — New national folk heroes are emerging from among Afghans challenging the power of the highly politicized rebel organizations here who are believed by guerrillas in the field to spend more time battling each other than the Soviet forces.

These new heroes include men such as Ahmad Shah Massoud, known as the "Lion of the Panjshir" for his exploits in beating back five Soviet attacks in 18 months on his strategic stronghold in the Panjshir Valley, and Abdul Haq, commander of urban guerrillas who make the streets of the Afghan capital of Kabul unsafe for supporters of the Moscow-installed government of Babrak Karmal.

"They are demonstrating leadership where there is not much shown here," said a long-time observer of rebel activities in this city near the Pakistan-Afghan border.

He predicted that the strength of the refugee organizations would lessen with the growth of a new leadership within Afghanistan. The groups in Peshawar are

split into two loose federations, one made up of Islamic fundamentalists and the other considered more moderate.

The new leaders are developing a following within the country as reports of their victories are passed by word-of-mouth from village to village. Their fame has reportedly spread far from their centers of operation.

Mr. Massoud, 28, a former engineering student, is the best known of them because his Panjshir Valley base, 40 miles (64 kilometers) northwest of Kabul, has become a major target for the Soviet-led forces.

He appears to have repelled a fifth major attack that started in May by first drawing a strong force of Soviet and Afghan government troops deep into the 70-mile-long valley and then ambushing them from its rugged mountainsides. Reportedly, the Soviet-Afghan forces suffered heavy casualties, although the fighting is still going on.

Mr. Massoud has mastered the techniques of guerrilla warfare so well that other rebel bands send men to the Panjshir for training.

One of Mr. Massoud's protégés, another former engineering student in his late 20s known as Zabihullah, has gained a reputation of his own for operations in

the northern Afghan province of Balkh, on the Soviet border, where government officials reportedly fear to leave their protected enclaves.

Sayed Jagram is another local leader who is becoming known across Afghanistan. He runs a force that operates in the central Afghan province of Ghazni, Wardak and Bamian, where the government has little control.

According to reliable sources, more than a half-dozen other local guerrilla commanders are seen as potential future leaders of Afghanistan if Soviet forces are ever forced to leave. These leaders are described as having risen through merit, not because of inherited tribal positions. They are also described as not being dominated by Islamic religious leaders, even though they are devout Moslems.

Furthermore, they are beginning to help each other in a way that has not been seen before in the Afghan movement against the Kabul regime. "They are forging a new nationalism on Afghanistan," said a diplomat.

Beyond that, though, they have become a counter-force to the Peshawar-based political organizations,

whose leaders rarely venture into Afghanistan and who have become largely discredited because of constant bickering that sometimes leads to armed combat.

These internal feuds have worsened the already strained relationship between the political groups here and the fighters in Afghanistan who reportedly are complaining that they are not getting their share of money and weapons flowing into Peshawar.

This is the only hold the political figures here have over men such as Ahmad Shah Massoud, Zabihullah and Abdul Haq. The political organizations appear to be far better off financially than they were 18 months ago.

The political leaders spend most of their time traveling to friendly Western and Arab nations in search of funds. It is unclear where the weapons are coming from, although the U.S. Central Intelligence Agency has reportedly been involved in supplying arms.

Whichever continues to elude the many rebel organizations here, they have shaken down into two main groups having the same name — the Islamic Unity of Mujahidin of Afghanistan.

## Israel Dismisses Mayor In Occupied Gaza for 'Anti-Israel' Activities

By Edward Cody  
Washington Post Service

JERUSALEM — The Israeli Defense Ministry on Friday dismissed the mayor of the occupied city of Gaza. It was the third such dismissal since the Israeli invasion of Lebanon.

Rashid Shawa was removed from office for what the ministry's civilian administration called "clearly anti-Israeli activities" in dealing with the Palestine Liberation Organization.

Only Mayor Elias Freij of Bethlehem remains in power from among the top echelon of political leadership in Arab territories occupied by the Israeli Army since the 1967 Middle East war, and he recently threatened to resign.

The police said Friday they detained 10 demonstrators after Arab youths leaving the Temple of the Mount complex in East Jerusalem threw rocks, injuring a soldier and damaging a police van. UPI reported. Friday's dismissal, which followed by three days that of Mayor Shawqi Mahmoud of Jenin, underscored Defense Minister Ariel Sharon's determination to rid Gaza and the West Bank of nationalist Palestinian leaders and replace them with appointed officials more amenable to cooperation with Israeli occupation authorities.

### Invasion, Crackdown Linked

The invasion of Lebanon, Israeli officials have indicated, is linked to that effort. Without the PLO to encourage opposition and threaten those who cooperate, they say, Israeli occupation authorities could more easily find friendly Palestinians.

This is particularly important in light of the Camp David talks on Palestinian autonomy between the United States, Israel and Egypt.

No West Bank or Gaza Palestinians have been willing to consider the type of autonomy under discussion in the long-interrupted negotiations. Moreover, if the talks fail, Israel has indicated it would consider imposing its own version of autonomy and would need to operate Palestinians to work under it.

Even before the June 6 invasion of Lebanon, the imposition of what the Defense Ministry calls a civilian administration under Menachem Milson, a reserve officer, had led to a crackdown that included dismissals of the mayors of Nablus, El Bireh, Ramallah and several smaller towns.

Before that, Mayors Mohammed Milhem of Halhoul and Fuad Qawasneh of Hebron were expelled to Lebanon. In the last three weeks occupation authorities have replaced the leader of the city council in Rafah, another Gaza town, in a controversy

generated in part by the return of the Sinai that split the town between Egypt and Israel.

Bassam Shaka, the dismissed mayor of Nablus, said: "They are trying to prevent any expression of our national will and our interests. But we will persist in carrying out the policies of our people."

Mr. Shaka and Karim Khalaf of Ramallah, who were dismissed in March, have attempted to remain active politically. But deprived of an official platform and restricted in their movements by Israeli soldiers, their effectiveness has diminished sharply.

Both were elected in municipal elections in 1976 that swept a group of PLO supporters into office in major West Bank towns. Mr. Shaka, although appointed separately and given to moderate language, was considered part of that group.

Brig. Gen. Yousef Lunz, head of Gaza's civilian administration, called in Mr. Shaka three days ago and told him to cease all contacts with the PLO. In reply, Mr. Shaka sent a letter refusing to abide by the general's warning.

Military sources in Gaza said several Palestinians were willing to take Mr. Shaka's job. The appointment of a new mayor in Jenin on Tuesday marked the first time Israeli authorities had found a Palestinian replacement for a dismissed mayor.

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### Nixon, Thatcher Meeting

The Associated Press

LONDON — Former President Richard M. Nixon, in Britain on a private visit, spoke for an hour Friday with Prime Minister Margaret Thatcher, later telling reporters that she was a "very impressive woman."

### Israel Reveals Contingency Plans To Spend the Winter in Lebanon

By David K. Shipley  
New York Times Service

JERUSALEM — The army's deputy chief of staff has said that Israeli forces in Lebanon were making logistical preparations to stay through the winter if necessary.

Speaking in an interview on the army radio, Maj. Gen. Moshe Levy stressed Thursday that the preparations were not necessarily indications of intention, but that the possibility of a long-term deployment had to be taken into account in planning.

The Israel radio reported that the army was building new paved roads, moving bases from hilly to flat terrain and installing water pipes. The army was said to be building a prison camp for Palestinian detainees near Nabatiye, with barbed-wire fences, guard towers and earthen walls. Israel has taken nearly 6,000 prisoners during the war, many of them from third countries.

"The organizational aspect obliges us to prepare for a long time ahead, not just for days," Gen. Levy explained on the army radio.

Because of the difficult winter expected there, we must begin now because the winter starts at the end of August or the beginning of September. So we are planning on the assumption that we will remain during the winter and perhaps longer."

The planning is based on the calculation that even if the Palestine Liberation Organization leaves Beirut, as Israel was opposed as a condition for lifting its siege of the capital, it will take

months to establish an effectively policed security zone extending 25 miles (40 kilometers) north of the Israeli-Lebanese border.

The creation of this zone was the original reason given by the Israelis for the invasion of Lebanon. Israel wants a multinational force or the army of a strong Lebanese government to make sure the zone stays free of PLO guerrillas.

As Israeli officials have moved more deeply into the morsel of Lebanese politics and internal frictions, they have gained considerable appreciation of the difficulty of establishing a strong central government.

Some officials are talking tentatively about a very long-term Israeli presence in the southern part of the country in the form of patrols or outposts in cooperation with whatever government or Christian militia comes to power in the region.

In addition, the Israelis are bracing themselves for possible friction with their allies, the Christian Phalangists, over the fate of the 500,000 Palestinians the Israelis estimate live in Lebanon.

Pierre Gemayel, the father of the Phalangist leader Bashir Gemayel, was quoted Thursday by the Israeli radio as advocating the expulsion from Lebanon of all the Palestinians. The objective would be to alter Lebanon's demographic picture in favor of the Christians over the Moslems, and to eliminate refugee camps in which renewed leftist and guerrilla activism could develop.

An Israeli official said, however, that the Israeli government was opposed to such an expulsion.

The ceremony will be performed at noon by the archbishop of Canterbury, the Most Rev. Robert A. Runcie. The blue-eyed baby, born on June 21, has been named William Arthur Philip Louis.

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The ceremony will be performed at noon by the archbishop of Canterbury, the Most Rev. Robert A. Runcie. The blue-eyed baby, born on June 21, has been named William Arthur Philip Louis.

The planning is based on the calculation that even if the Palestine Liberation Organization leaves Beirut, as Israel was opposed as a condition for lifting its siege of the capital, it will take

months to establish an effectively policed security zone extending 25 miles (40 kilometers) north of the Israeli-Lebanese border.

The creation of this zone was the original reason given by the Israelis for the invasion of Lebanon. Israel wants a multinational force or the army of a strong Lebanese government to make sure the zone stays free of PLO guerrillas.

As Israeli officials have moved more deeply into the morsel of Lebanese politics and internal frictions, they have gained considerable appreciation of the difficulty of establishing a strong central government.

Some officials are talking tentatively about a very long-term Israeli presence in the southern part of the country in the form of patrols or outposts in cooperation with whatever government or Christian militia comes to power in the region.

In addition, the Israelis are bracing themselves for possible friction with their allies, the Christian Phalangists, over the fate of the 500,000 Palestinians the Israelis estimate live in Lebanon.

# 'Flat-Rate' Income Tax Reform Wins Support Across the U.S. Political Spectrum

By John M. Berry  
Washington Post Service

WASHINGTON — In 1980 and 1981, supply-side economics swept through the land. This year's phenomenon is the flat-rate income tax.

As was the case with supply-side economics, there is no precise definition of what a tax scheme must include to carry the flat-rate label. The proposals that have emerged this year are as varied as their supporters, who cover most of the political spectrum.

In its purest form, a flat-rate income tax includes a comprehensive definition of income and no deductions whatsoever. All income would be taxed at the same rate, rather than at a rising rate as income went up, as at present.

The broadest proposal for change, from Robert Hall and Alvin Rabushka of the Hoover Institute, would tax both personal and business incomes at a flat 19-percent rate, except that capital gains and payments of dividends and interest by business to individuals would not be taxed at all.

*Perception of inequity.*

Why should such a radical proposal attract so much attention? After all, it goes entirely against the principle of the ability to pay that has been a part of the nation's income tax structure for the nearly 70 years it has been in existence.

Not only would tax rates not rise along with incomes, but deductions such as for unusually large medical expenses, which were justified originally on the ground they affected a taxpayer's ability to pay, would also be dropped.

The answer seems to boil down to a growing feeling among the American public that the present income tax system is unfair and too complex, and that wealthy individuals routinely escape paying what they should because of loopholes. Moreover, most backers of a flat-tax approach argue it would greatly enhance economic growth by eliminating the influence of tax consequences on investment decisions and by lowering marginal tax rates.

Sen. Dennis DeConcini, an Arizona Democrat, introduced a sweeping flat-rate bill in March, and declared, "We must return to the basic principles upon which a sound tax system must stand: equity, efficiency and simplicity. We must get rid of all the complexities — the personal tax preferences, the special deductions and credits; the exclusions from income. These only lead to contempt for our tax system, endless pressures to create loopholes for some privileged group, and use of the tax code to further some ill-conceived project in social engineering."

A major goal of most tax-reform advocates of the 1960s and 1970s was to eliminate the distinction between capital gains — the increase in the value of an asset, half of which was not taxed (now 60 percent) — and other types of income that were taxed fully. Like their counterparts today, the reformers also believed in lowering tax rates. That goal did not necessarily conflict with that of achieving more progressive tax rates.

## Vertical Equality

It would be perfectly possible, for instance, to take the Hall-Rabushka proposal and use a set of progressive rates, which would involve a different notion of what tax experts call "vertical equity."

Vertical equity is a matter of how tax burdens vary among different income groups. In a progressive tax structure, tax burdens rise as incomes go up. But the burden may rise rapidly or slowly, depending on how progressive the rate structure is. With flat rates, the burden would be the same for all income levels.

Horizontal equity is contrasted with "vertical equity," which is a matter of how tax burdens vary among individuals within the same income group. For instance, people who rent a house or an apartment have no opportunity to claim deductions for payment of mortgage interest and property taxes. As a result, two taxpayers with identical incomes can end up with substantially different tax burdens.

By making a series of different choices

about vertical and horizontal equity, one can design quite different tax systems. And that is what is being done this year.

Mr. Hall and Mr. Rabushka, and Sen. DeConcini believe a single tax rate should apply to all income, but they would allow a single \$5,000 personal exemption for a married couple filing jointly and \$3,000 for a single individual. Sen. Dan Quayle, Republican of Indiana, on the other hand, has proposed using a \$600 allowance for each dependent, levying tax at all until income reached \$17,500, an 18-percent tax on incomes up to \$50,000 and a 25-percent rate thereafter.

Like Mr. Hall and Mr. Rabushka, Sen. DeConcini would not tax capital gains or interest and dividend income, while Sen. Quayle would be the same for all income levels.

## Another Approach

Still another approach has been suggested by Democrats Sen. Bill Bradley of New Jersey and Rep. Richard A. Gephardt of Missouri. They would allow single taxpayers a \$2,300 "zero bracket amount" — a sort of standard deduction — as at present, while raising the personal exemption to \$1,500 from the current \$1,000. The zero bracket amount for married taxpayers would be raised from \$3,400 to \$4,600 and they would have two personal exemptions worth \$3,000.

Their proposal calls for a 14-percent tax on all income, with surcharges on higher incomes that would produce a top combined rate of 28 percent at \$37,000 and \$65,000 for single and married taxpayers, respectively.

Furthermore, this version would keep deductions for charitable donations, mortgage interest, property taxes, some medical expenses, and state and local income taxes. The tax-free status of most state and local government bonds and of Social Security and veterans' benefits would also be continued.

If the public believes a tax system is unfair, there will always be support for change. But the emphasis on some of the excesses in the present system masks some key attributes:

First, even with all the tax-avoidance devices, the system remains progressive across all income levels above about \$4,000, according to statistics compiled by the Internal Revenue Service for 1979, the latest available in full detail. For returns on which some tax was due, the average tax for each income group, expressed as a percentage of adjusted gross income, ranged upward from 3.5 percent for income between \$4,000 and \$5,000 to 50.2 percent for those above \$1 million. The average rate was only 15.3 percent.

Second, studies done for the Brookings Institution several years ago showed that most personal deductions actually added to the progressive of the system. That is, the total of deductions claimed falls as a percentage of adjusted gross income as incomes rise.

Also, while the income tax is progressive, the Social Security payroll tax is regressive. It is a flat 6.7 percent of wage and salary income up to \$32,400 and is zero beyond that point.

## Winners and Losers

As the debate over a flat-rate system continues, it is likely to focus more on who would win and lose. Congress' Joint Taxation Committee examined one version of a scheme with an 18.7-percent flat-rate tax raising about the same revenue as today's system. It found the taxes paid by those in the \$20,000 to \$30,000 income range would go up 9.3 percent compared to current levels while taxes of individuals in the \$100,000 to \$200,000 group would go down 23.1 percent.

Within every income group, the relative winners would be those who claim few deductions today.

Some experts think the air will go out of the flat-tax balloon once Congress begins taking a really close look. "It might appear to be a good idea, but when they actually start it in the face, they'll see the practical political problems," declares one critic, economist Joseph Pechman of the Brookings Institution.

## Conservatives Linking Support for Reagan To Taiwan Arms Issue

By Bill Peterson  
Washington Post Service

WASHINGTON — A coalition of conservative leaders has warned President Reagan to expect an "extremely venomous" political backlash from "millions" of conservative supporters if he agrees to a cutoff of arms sales to Taiwan.

In a strongly worded statement Thursday, 28 conservative leaders urged Mr. Reagan to reject recommendations from former Secretary of State Alexander M. Haig Jr. that the president sign a communiqué with Peking limiting sales to Taiwan.

The leaders said that many conservatives already believed that the Reagan administration had abandoned Taiwan and that any hint of cutting off weapons sales "could easily break apart the 1980 coalition that elected Mr. Reagan, which is already beginning to crack."

Endorsed by 28 Groups

The statement was endorsed by the leaders of 28 groups, ranging from such New Right organizations as the National Conservative Political Action Committee and the Moral Majority to the Young Republicans and College Republicans.

Mr. Haig, in one of his final acts as secretary of state last week, sent the White House language for a communiqué designed to settle a dispute that has brought political and strategic relations between the U.S. and China to a standstill for about six months.

According to Gary Jamin, executive director of the American Council for a Free Asia, a lobbying group supporting strong U.S. ties with non-Communist Asian nations, Mr. Haig submitted two proposals to Mr. Reagan.

One, Mr. Jamin said, states that

## Reagan Cooling-Off Order Averts National Rail Strike for 60 Days

By Howell Raines  
New York Times Service

SANTA BARBARA, Calif. — President Reagan, using his powers under the Railway Labor Act, has imposed a 60-day cooling-off period to avert a national railroad strike planned for Sunday.

In an executive order signed Thursday at his ranch in the Santa Ynez Mountains, Mr. Reagan said he would also appoint a three-member advisory board to negotiate the issues in the deadlocked negotiations.

Mr. Jamin said at a news conference that if Mr. Reagan approves anything that even hints at a cutoff of arms sales, "there is going to be such a vicious backlash that it will leave his head swimming."

Mr. Bush would be a particular target of conservative anger if arms sales are phased out, Mr. Jamin added. "His fingerprints are all over this."

Mr. Bush, who headed the U.S. liaison office in Peking before full diplomatic relations were established in 1979, returned to China in May to mollify Chinese anger over the administration's decision to sell Taiwan \$60 million in military supplies and space parts.

Mr. Reagan reportedly considered Mr. Haig's recommendations Thursday before leaving for California and sent the proposals back to the National Security Council for further work.

Mr. Jamin said, states that

## Another Call for Herbert Hoover

Washington Post Service

WASHINGTON — The Reagan administration is helping Herbert Hoover make a comeback at the Commerce Department.

First his picture was restored to a prominent spot in the office of Commerce Secretary Malcolm Baldrige. Then, with the help of Congress, the Commerce Department building was renamed after the former president, who served as commerce secretary in the Harding and Coolidge administrations.

And Thursday the Commerce Department circulated its new telephone directory with guess who on the cover: Herbert Clark Hoover.

The Great Depression of the 1930s began during Hoover's term as president and his name was synonymous with hard times in the years that followed except among the Republican faithful.

Some workers at the Commerce Department are bemused at the sight of Hoover's unsmiling face on the phone book. "We were kind of giggling here," said Mary Nimmo, director of public affairs at the department.

The blue-tinted picture of Hoover is the first illustration in memory to adorn the phone directory's cover.

## 4 Uranus Moons Are Measured for First Time

By Thomas O'Toole  
Washington Post Service

WASHINGTON — An infrared telescope on Hawaii has measured the sizes of the four large moons of the planet Uranus for the first time.

The telescope, which has been in place on Mauna Kea for four years, has found that the four largest of Uranus' five moons are almost twice as large and three times darker than originally believed.

The telescope was built to catch the infrared light of the sun reflected

Namibia Explosives Found

WINNHOEK, South-West Africa — Police destroyed a 10-pound (4.5-kilogram) cache of explosives apparently planted by German soldiers before World War I that was found on a farm near the territorial capital earlier this week.

ed by the moons of Jupiter and Saturn to support the flights of Voyager 1 and 2 by the two planets.

"These moons are larger and darker than we ever guessed they would be," said David Morrison of the University of Hawaii, who made the measurements with Dale P. Cruikshank and R. Hamilton Brown.

The telescope on Mauna Kea is to be closed by the National Aeronautics and Space Administration for budget reasons. Its closing was to have occurred when Voyager had passed Jupiter and Saturn, and Mr. Morrison is concerned that NASA will close down the \$10-million telescope at the start of the next fiscal year, which begins Oct. 1. That is long before Voyager 2 reaches Uranus, almost 2 billion miles from Earth, and before the telescope could be used to get still more precise measurements of Uranus' moons, including its fifth, Miranda, which is too small to be measured by the telescope at the distance it is today.

All five moons are named for characters in Shakespeare's plays "The Tempest" and "A Midsummer Night's Dream."

Fourteen of the 16 unions that represent about 300,000 railroad workers have agreed to octow strike. But the locomotive engineers, with 26,000 members, threatened Wednesday to start a national strike Sunday night, and the United Transportation Union, representing freight handlers, said it was prepared to join the strike at the end of the month.

The order is Mr. Reagan's first major intervention in a labor dispute since last August, when he dismissed about 12,000 striking air traffic controllers. A cooling-off period is required under the Railway Labor Act when a mediator is appointed a year ago, were at an impasse.

The report states that nuclear power's "loss of momentum" is primarily responsible for the lack of urgency in building the reactor, which is designed to produce more fuel than it consumes. The GAO attributes the sagging momentum to low electricity growth rates, poor utility financial conditions, increased uranium supplies, and problems peculiar to the nuclear industry, such as the capital-intensive nature of nuclear power and the disposal of radioactive waste.

"Unless and until most, if not all, of the problems now besetting are successfully resolved, the outlook for nuclear power in unlikely to improve," the report states.

Last week, the Reagan administration asked the Nuclear Regulatory Commission for the third time for permission to begin preparing the breeder site at Oak Ridge, Tenn.

Sen. Howard H. Baker Jr., Republican of Tennessee, the majority leader, has long been a vigorous proponent of the project, but congressional opposition to the breeder appears to be mounting. Last year, an effort to delete funding for Clinch River failed in the Senate by only two votes, and in the House, by 20.

## Reagan Hopes On A-Reactor Are Set Back

By Judith Miller  
New York Times Service

WASHINGTON — The United States will probably not need a fast breeder nuclear reactor until the year 2025 at the earliest, according to a draft report prepared by the General Accounting Office.

The 35-page report, the latest of several critical analyses written by the congressional auditing agency, is another blow to the Reagan administration's efforts to build the \$3.2-billion Clinch River Breeder Reactor.

The plutonium-fueled experimental reactor project, which is five times over its original cost estimates, faces stiff opposition in Congress. The House is expected to consider at the end of this month the administration's request for fiscal 1983 for \$253 million for Clinch River.

The continuing deterioration in the nuclear power industry and current information indicating that commercial breeder reactors are unlikely to be deployed for the next 40 to 50 years make it difficult to argue that developing the breeder reactor is an urgent task in the United States," the preliminary report concludes.

The report states that nuclear power's "loss of momentum" is primarily responsible for the lack of urgency in building the reactor, which is designed to produce more fuel than it consumes. The GAO attributes the sagging momentum to low electricity growth rates, poor utility financial conditions, increased uranium supplies, and problems peculiar to the nuclear industry, such as the capital-intensive nature of nuclear power and the disposal of radioactive waste.

"Unless and until most, if not all, of the problems now besetting are successfully resolved, the outlook for nuclear power in unlikely to improve," the report states.

At the end of the 60 days, the president has no further authority to prevent a strike.

## Fire Set at Soviet Embassy

The Associated Press

SARASOTA, Fla. — The Sarasota Journal, an afternoon newspaper for 30 years, has announced that it is ceasing publication with Friday's edition. The publisher, Lindsay Newspapers Inc., blamed increasing financial losses.

At the end of the 60 days, the president has no further authority to prevent a strike.

He acknowledged that IBM was

benefiting from being the victim, but added, "It's more justice than irony."

The software involved in the unnamed company's bid was "IBM technology, IBM state of the art," Mr. Young said.

The unhappy turn of events for the losing company began in October when IBM told the FBI that it believed some of its secrets were being stolen. Four months later the FBI's technical services division asked for bids on upgrading headquarters computers used for name-searching, investigations and other chores.

Mr. Young said a member of the FBI's contract review unit was part of the bureau's undercover review committee that was overseeing the Pengem operation. He said this member realized as early as March that some stolen software might have been involved in one of the bids.

He said he did not know if the losing company would have any legal recourse, such as suing either the government or Hitachi, but he said the issue was "discussed thoroughly with the Department of Justice." Department of Justice officials had no comment.

**DEATH NOTICE**

Le Duc Francesco DI CASSANO  
les Enfants PAOLO, LEOPOLDO,  
Cesare, Belli, FILI GRAZIA, SILVIA BATZI  
le Beau-Fils OLIVIERO PRUNA  
les Neveux et LEOPOLDINE  
out la grande douleur de vous faire part du deces de

MADAME ELENA SERRA  
DUCHESSE DI CASSANO  
nne PARODI DELFINO  
qui s'est eteinte a GSTAAD, le 8 juillet 1982, apres une longue maladie supportee avec grand courage et grande dignite.  
Les funerailles auront lieu a Lausanne le mardi 13 juillet 1982, a 11 heures au PEGILISSE du SACRE-COEUR, Chemin du Bois-Rivage.

## Hinckley Letter Describes Shooting as 'Historical Deed'

By Stuart Taylor Jr.  
New York Times Service

WASHINGTON — John W. Hinckley Jr. has written a letter saying that neither hospitalization nor imprisonment could diminish his "historical" shooting of President Reagan to win Jodie Foster's love.

Calling his assassination attempt "the greatest love offering in the history of the world," the 27-year-old mental patient said "everybody but everybody knows about John and Jodie," comparing himself and Miss Foster to Romeo and Juliet and to Napoleon and Josephine.

The letter, which was delivered to this reporter Thursday, said that these statements and most of the rest of its contents were taken from the "sentencing speech" that Mr. Hinckley said he had composed June 20.

That was the day before the jury in his trial found him not guilty by reason of insanity of shooting Mr. Reagan and three other men on March 30, 1981. He had no occasion to deliver the speech

## Where Is OPEC Headed?

From THE WASHINGTON POST:  
It is no trick to look like a fiercely aggressive cartel so long as you are selling on a tight market. OPEC has always been most impressive when world oil supplies were short and the price was rising. But to behave like a real cartel in a falling market is harder.

The central question for OPEC has always been whether it is capable of enforcing cuts in production, in times of declining sales, to enforce its high prices. With the current showing you would have to guess that OPEC is not going to be able to achieve this most difficult, and most important, of a true cartel's operations. OPEC's ministers, or at least most of them, are meeting in Vienna to see what can be done. But the Saudis apparently do not plan to attend, because they are tired of being screamed at by the Iranians.

Last fall the Saudis, after many months of deliberate overproduction, forced the rest of OPEC to accept their price schedule. While that required the Africans to reduce their extremely high prices to the Saudi level, the Saudis offered assurances that there would be no further erosion. But over the winter, with the large drops in consumption in the industrial countries, prices continued to sink. In March, OPEC tried for the first time actually to impose production ceilings on its members. But over the spring there has been in-

creasing evidence that several of these governments are violating the ceilings — some because they need the money, some because they resent the Saudis' restraint.

Does it follow that the price of oil is now going to drop? Not necessarily. There are several imponderables. No one knows what the buyers and consumers of oil are going to do in the next few months. This is the time of year when the companies normally begin buying more rapidly to build reserves for the winter, but, amidst this recession, there is no consensus about the size of this buildup. Next, no one knows whether the quiescence was between Iran and Iraq will actually end, or what effect that might have on those two countries' exports. And no one knows how the Saudis will respond to these developments — and the Saudis alone can tighten or loosen oil markets at their discretion.

OPEC's troubles will not draw much sympathy from the industrial countries that run on oil. But internal strains in OPEC, and even its collapse, would not be likely to have large consequences for consumers. Over the past decade it has essentially been supply and demand, not the pricing policy of the cartel, that has set oil prices. That will continue to be true regardless of OPEC, and for the decades ahead the trend in oil prices is still far more likely to be up than down.

## Scuttling the Sea Treaty

From THE WASHINGTON POST:  
Does President Reagan know what he is doing in preparing a final decision not to sign the Law of the Sea treaty? Evidently he thinks U.S. seabed mining can still proceed, sanctioned either by domestic legislation or by a "mini-treaty" with other industrialized countries. His own review, however, found that no U.S. firm would risk the requisite \$1.5 billion or so for each venture under domestic legislation. Furthermore, it is clear that a mini-treaty is a nonstarter. None of the major financial institutions it queried, the Government Accounting Office reports, would lend money to a seabed venture enjoying mini-treaty sanction alone.

The meaning is plain: American miners will flee to foreign flags, and the United States will have lost its chief treaty goal of direct assured access to strategic raw materials. It will have clouded American use of the navigation freedoms inscribed in the treaty — a major loss for a maritime power — and of further treaty benefits in marine environmental protection, scientific research and the like. For being probably the single nation among 160 to spurn the treaty, it will look like a chump.

And for what? For years, a number of conservative ideologues have been calling the treaty's designation of seabed minerals as the "common heritage" of mankind nothing less

than global socialism. The election of a president dedicated to a free-enterprise ideology gave these critics, in and out of government, new life. But they have served Mr. Reagan ill — by insisting in the negotiations on a confrontation over ideology rather than on a compromise to win practical improvements for American investors.

For instance, the critics raised an alarm over the text's production ceilings — these are objectionable, but they are set safely beyond reach. Private firms are enjoined to sell their technology to the treaty's collective mining authority — again, objectionable in theory but washed out to practice by other language. The text's call for a second conference to review the treaty in 20 years suggests that the conference could override the original terms of U.S. ratification — why not let the lawyers handle it? General language indicates that the one-nation, one-vote assembly will run the executive council, where the industrialized nations have more weight — but other language delineates the powers and functions of the two bodies more comfortably.

Anyway, hard-headed treaty defenders do not say it is fine as is. They say the United States has wasted its repeated openings to negotiate practical changes. But the attackers have carried the day, as evidenced by Mr. Reagan's truly unfortunate decision to throw away, for nothing, his one last chance to try.

## Other Editorial Opinion

## PLO Should Stick It Out

Beirut battered by a seven-year war, can stand one more month during which the basis of a complete solution is set. If the PLO throw down their weapons and leave Lebanon they will lose any negotiating powers against their stubborn opponent.

Unless the United States stops its blind support of the Israeli military powers, we might as well warn all Arab countries against coming years of danger for the whole area.

We had expected the United States to pressure Israel into breaking the siege of the PLO, not to pressure them into evacuating without solving the problem.

— Al Ahram (Cairo).

## Solutions for Poland

Political and economic recovery would have a better chance if the West would not only reschedule the existing debt on favorable terms but also grant new credits for vital materials and spare parts which large sections of industry need in order to get moving again.

But the West holds back because it justifiably lacks faith in the intentions and abilities of the present regime. A gradualist approach is required.

A start could be made by trying to inject funds under tight control into specific industries where the wheels are not turning for lack of parts and materials. Beyond that, thought might be given to buying up some west-oriented industries and putting in Western managers. The Poles in their present plight might just be persuaded to agree.

— The Times (London).

## Other Voodoo Economics

With some justice, President Reagan has been accused of practicing "voodoo economics," based on a blind faith that tax cuts would beget economic growth that would simultaneously balance the budget and pay for increased military spending.

It has not worked. But it is instructive to observe that President Francois Mitterrand of France is proving equally unsuccessful with an economic policy almost the exact opposite of Reagan's.

## July 10: FROM OUR PAGES 75 AND 50 YEARS AGO

## 1907: The Big Stick

WASHINGTON — President Roosevelt has by no means given final sanction to the plan of sending the battleship fleet to the Pacific via the Straits of Magellan. He is quite as strongly in favor of sending the ships by the Suez route and bringing them home by Magellan as of sending them via Magellan and bringing them home by the Mediterranean. The chances are about even that Philippine and Asiatic waters will see Uncle Sam's superb sea-fighters long before they file through the Golden Gate. The president is very much impressed with the idea of sending these battleships clear around the world. It is expected that when the entire fleet is ready to move it will consist of 20 ships.

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International Herald Tribune, 181 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France

Telephone 747-1265. Telex 612718 (Herald). Cables Herald Paris.

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## Sending the Marines to Lebanon Is a Bad Idea

By Robert J. Hanks

Rear Adm. Robert J. Hanks commanded the U.S. Middle East Force from 1972 to 1975. Since his retirement in 1977, he has been a writer and lecturer, and is an analyst for the Institute for Foreign Policy Analysis in Washington.

The United States has been, at last, fully exposed as the sole "handmaiden of Zionist imperialism" as Moscow has been arguing for years.

If I were the commander of a U.S. intervention force in Lebanon, I would be gravely concerned about the immediate and altogether understandable reaction of the Palestinians. I would anticipate little resistance from the people whom we were helping to release from the iron ring that the Israelis have established around their enclave in Beirut. On the other hand, prudence would dictate that I prepare for the possibility that armed elements, particularly of the more activist wings of the PLO, had remained behind, supported by sympathetic Moslem factions.

For most disadvantaged groups that fail to attract serious international concern for their plight by peaceful means, terrorism constitutes a court of last resort. Israel's invasion of Leba-

non and savage siege of Beirut may have brought the PLO to its knees militarily and politically. We can expect that the nature of Israel's assault and the world community's reaction of revulsion have persuaded the Palestinians that their only recourse is a return to terrorism.

And what better target against which to vent their wrath than the force of U.S. Marines symbolizing, as it assuredly would, the collective U.S. backing for Israel's denial of the Palestinians' right to a homeland? It is wholly unrealistic to expect any outcome other than American Marines — accompanied by other extra-regional military forces or not — falling casualty to the rage and vengeance of frustrated Palestinians, whether operating under the banner of a resurgent PLO or some new and more desperate organization.

If President Reagan proceeds on this path, it will be not only the blood of Americans that will color the sands of the Middle East but also that of America's vital interests throughout the region. I would not want to be a party to this supreme tragedy.

Los Angeles Times

## The Jobless Numbers Are Europe's Nemesis

By Hobart Rowen

WASHINGTON — On occasion a few simple statistics summarize a dramatic story. In the United States in the decade of the 1970s, nine out of every ten persons looking for jobs found them. But in Europe, in the same 10-year span, less than three new jobs were available for every ten who sought them.

The overall result is that despite some slow growth years in the 1970s, there were some 17 million new jobs created in the United States. But in Europe over the same period, the net increase in jobs was only one million.

These grim facts about the European economy have been assembled in the latest Organization for Economic Cooperation and Development Report on the economic outlook of the industrial world, published July 7. The economic staff at OECD, in a much gloomier assessment than just six months ago, anticipates that Europe may see an official unemployment rate of 10.5 percent next year. The rate has increased every year since 1974, and is at the highest figure since the 1950s.

"Europe is suffering from the lack of profitability of private investment," an OECD official told me a few weeks ago in Paris. "Not only have labor costs been too high, but there are the non-wage costs, such as social welfare."

As of now, one-third of the jobless in Europe have been out of work for six months or more, an absolutely shocking total. In Britain, 52 percent of the unemployed in early 1982 had been out of work for six months, compared with 39 percent a year earlier. That is a festering sore that could lead to social unrest and worse.

The kind of protracted long-term unemployment is unknown in the United States. In fact, the U.S. definition of "long-term unemployment" has traditionally been 15 weeks, not six months. But the proportions of those out of work here for more than brief periods — measured either by 15 weeks or 27 weeks — have been growing at an uncomfortable rate.

In June, when the jobless rate as reported by the U.S. Bureau of Labor Statistics was 9.5 percent, 17.3 percent of the unemployed had been out of work for 27 weeks or more, short of the 21 percent post-World War II record set in 1975 and 1976. That is a worrisome level, but still well below the terrible one-third ratio the Europeans must contend with.

Reasons for the European sickness are many and complex. But between the lines of the OECD report, one can see the combined effects of high interest rates that discourage investment, high taxes on employers to support welfare states, and labor union

The Washington Post

## LETTERS TO THE EDITOR

## Morals of War

In the euphoria following the recapture of the Falklands it seems appropriate to take a general lesson from the exercise — that armed aggression has been shown not to pay and that a blow has been struck for the principle of freedom and the rule of law.

One other lesson that could be inferred concerns the Palestinians. The moral of the Palestinians may draw them to regain their homeland they must review their tactics with the objective of dramatically escalating their scale of activities. Clearly they have a hundred-man task force and all the trimmings. This revised approach will not just enable them to get diplomatic and economic sanctions imposed on the invading forces that have occupied their homeland but will also enable their cause to be depicted as an honorable struggle taken up on behalf of the world community to preserve the principle of law and order.

STUART STROMBACK, London.

## Tall Prison

The tall ship, Esmeralda of Chile, a picture which you displayed with a cheerful caption on page 3 of your June 29 issue, was used as a mass prison and torture center in September, 1973, when the current military government overthrew the democratically elected one in a brutal coup.

PHILIP PROTTER, Paris.

The Washington Post

## Blind Israel

Golda Meir, when asked in London in 1969 about the Palestinians, answered "What Palestinians? There are no Palestinians." Begin at the White House recently, disputed the fact that Israel invaded Lebanon and insisted that Israel was protecting itself against "armed bands operating from Lebanon." What is amazing is that nobody deemed it relevant to ask him why those "armed bands" had a grudge against Israel.

Throughout their "short history" in Palestine, Israeli leaders believed that by purposefully distorting facts they could conveniently bury the truth.

What is disgusting and appalling is the indifference of the "civilized world" to the genocide of a whole people.

ESTHER ISHAI, Athens

## Blacks in Battle

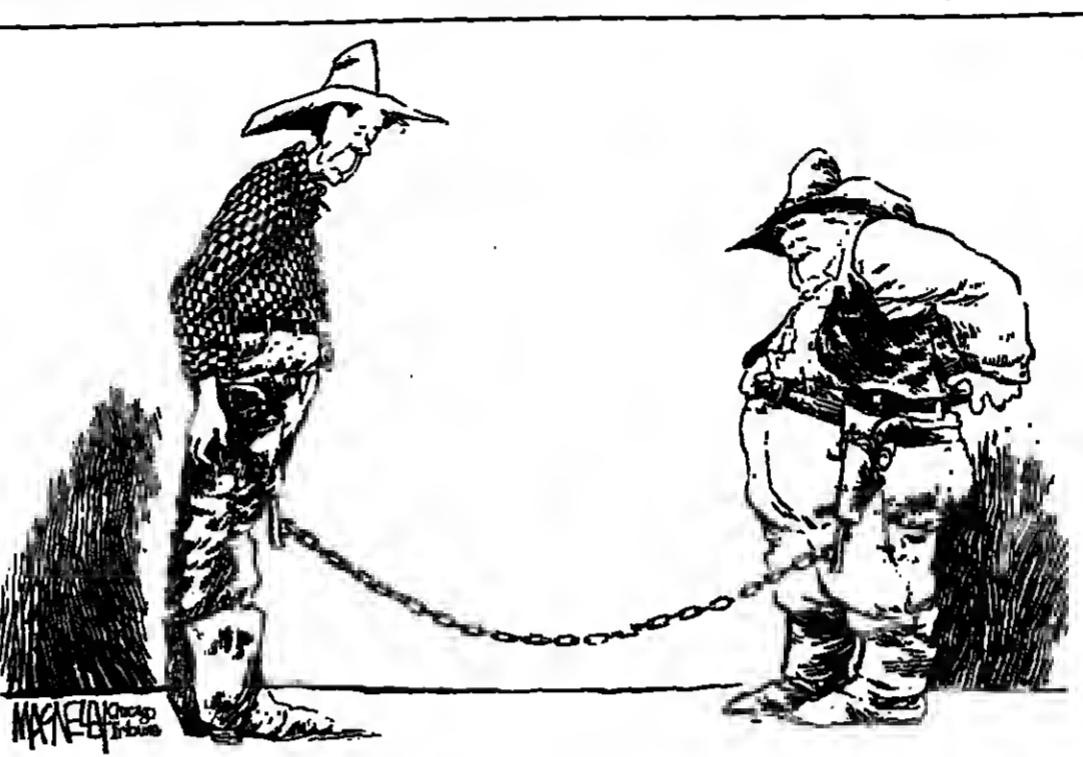
Regarding "Will Black Soldiers Fight for U.S.?" (IHT, June 29): It might be interesting to recall that the armies that maintained "law and order" in former British and French territories in Africa were essentially black, including the officer ranks.

In Ian Smith's Rhodesia, black soldiers bore the brunt of the white minority government's campaign against the black freedom movement.

Most eloquent, perhaps, is the increasing role of blacks in the South African armed forces whose duty is to protect "apartheid" institutions, maintain white minority control and perpetuate black subjugation.

On the other extreme, however, the Portuguese Army that became fed up with colonial wars in 1975 and rebelled by seizing power in Portugal was immediately white.

MWANINGEE, Geneva



## Kremlin Sets the Summit's Stage

By Leopold Unger

BRUSSELS — The Kremlin calendar is not regularly published by the Soviet press, but it has been public knowledge for some time that the annual Yalta picnic at which President Leonid I. Brezhnev plays host to various Communist leaders was not held this year for the first time.

The real reason for the sudden break in tradition is that the meetings would be too much of a burden on Mr. Brezhnev's health. But the reason being given in private in the Kremlin halls is the Soviet leader's coming encounter with Mr. Reagan. "It is perfectly normal," Kremlin sources say. "This summit meeting must be well prepared, and nothing must interfere with it."

What does not appear to be "perfectly normal" is that Mr. Brezhnev did not bother to greet King Hussein of Jordan or Libya's Maj. Abdel Salam Jalloud, a top aide to Col. Qaddafi, during their recent trips to Moscow. Nor did he see an Arab League minister mission that came to Moscow to urge the Soviet Union to intervene in Lebanon.

And these events took place as the Soviet press criticized certain Arab countries that are completely unmoved and appear paralyzed by the Israeli aggression. In other words, as a Western observer to Moscow did not fail to note, the Kremlin "refuses to be more Arab than the Arabs themselves."

The Kremlin's caution toward the war in Lebanon — which has already changed the political map of the Middle East — is due as much to the current economic situation of the Soviet Union as to the poor military showing of the Soviet allies despite the impressive armament Moscow furnished to Syria and the PLO. But above all, the Kremlin does not want to be involved in a conflict that it does not control and in which it would have difficulty taking steps to change the course of events in its favor.

That does not come as a surprise; it is part of the Soviet tradition. The Soviet-Syrian pact of 1980 is an excellent example of Soviet caution and not, as some tend to believe, an aggressive move. The pact does not call for Soviet intervention, even if Israel does cross the Syrian border.

The only Soviet government statement against Israel refers to the "proximity of Lebanon to the southern

frontiers of the Soviet Union," but makes no mention of the treaty with Syria. Furthermore, the Soviet Union has always refrained from

## WEEKEND

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# Portraits From Life: Putting the Best Face On It

## The Squirming Photographer

by Bob Reilly

**N**EW YORK — Ask Arnold Newman to hold still for a picture and he squirms, grimaces, turns serious, looks away from the camera, grasps the piano for support, runs a trembling hand over his hair to make sure it's in place and "plump" sensitive features taut, murmurs in a parched voice: "Am I all right?" One of the world's greatest portrait photographers feels as awkward as anybody else getting his picture taken. "Everybody is self-conscious in front of a camera," Newman says with a laugh. "Even Presidents of the United States squirm." (He has photographed the last seven, so he knows whereof he speaks.) "Movie stars, though, are toughest of all. They're so used to portraying other people, I have to direct them to be themselves."

He continues on a tour of his apartment. The spacious, light-filled alcove near Central Park West is as carefully composed as a Newman portrait — a skill he practices and teaches.

He will be conducting a workshop on the Art of the Portrait this week in France at the Arles '82 Photography Festival. "It's a master's course. I don't teach technique. I assume students who come to me have the technique behind them. I love workshops, because the old saw is absolutely true: The teacher learns as much as the students."

He is no stranger to Europe, of course. Working for the old Holiday magazine, he covered stories all over Europe, particularly ones about art and artists. "For anyone who grew up in my period, to go to Europe was really something. I always looked to it for fulfillment. Of course, unlike now, only the rich could make the trip, when I was a kid." Newman was born in 1918 in New York City, and during the Depression studied art at night while working during the day for a family friend, taking passport-type portraits for 49 cents each.

"The yellow press in those days used to write a lot about Picasso and Braque and Matisse, calling them maniacs, saying they ought to be institutionalized. I saw what those guys were doing and I said, 'This is great!'" After leaving the University of Miami in 1938, he moved back to New York, determined to combine his art studies with photography, hoping to evolve a new kind of portraiture. He soon came up with his own special contribution, the "environmental portrait."

"I shot mostly artists at first, not because I necessarily wanted to, but because they were the ones most receptive to my ideas." The Dutch painter Piet Mondrian, then in exile in New York, became a close friend (Newman's drawings of the "original sketches" for Mondrian's "Broadway Boogie Woogie" which he has loaned for an indefinite period to New York's Museum of Modern Art.) The influence of Mondrian, with his impeccable sense of balance, is easily detected in all of Newman's work.

"When he's starting out, any artist — painter, sculptor, writer — is always influenced by what went before him. Anybody who refuses that influence is simply trying to rediscover the wheel. I've always worked like a painter, exploring visual ideas."

"Portraiture is, of course, a dirty word today. The public thinks the image is there to flatter them, to boost their ego, and a lot of



Arnold Newman.

photographers will go along with that. They've bastardized the art of portraiture. Nevertheless, all the greatest photographers, like all other great artists, have always done portraits and always will."

What are the secrets of shooting a good portrait?

"Right now things seem to be in limbo. Everyone seems to be sort of marking time, taking a deep breath. A lot of young people are fine photographers, but too derivative. I'm getting tired of going through magazines, seeing all these beautiful photos and everyone alike. No original ideas. What they don't seem to understand is that subject matter and technique are merely vehicles for something deeper."

"Like with operas. That corny thing about Mimi dying of tuberculosis in a garret — it still crushes you, because the music is so strong. I sit back and weep every time. Photography has to be like that. But I look at pictures today and so many of these beautiful things that are being done are so empty. It won't be long before some 22-year-old geniuses break loose, I'm sure, but it doesn't seem to be happening yet."

For the 13th successive summer, an ambitious photography festival is being held in Arles, featuring lectures by such masters as Ansel Adams, Agnes Varda and Martine Franck. Workshops in landscape, portrait and video photography and photojournalism are scheduled through Aug. 21. Exhibitions in the Musée Réattu and the Galerie Arena continue through September. For further information, write Rencontres Internationales de la Photographie, 16, Rue des Arènes, B.P. 90-13200 Arles, or telephone (90) 96-76-06.

want him to think I disliked her, was all he said. I admired Picasso as a great, great artist, but I'm sure I wouldn't want him for a friend."

What does he think of the work of the younger generation?

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The show's variety is due in part to the fact that the artists come from at least nine cities — Bergamo, Milan, Genoa, Parma, Bologna, Venice, Florence, Rome and Naples — and that their style and technique are geographically conditioned. But it is also due to the extreme diversity of conventions that are brought into play, as well as their occasional absence in more intimate and informal works.

Ghislandi's portrait of Count Giovanni Sacco Suardo is characteristic in many respects. Here is a young man depicted as arrogant, sensual, sure of himself and with a certain habit of command. His right hand rests self-assuredly on his hip and his left forearm rests on a

## Ghosts Astonishingly Alive

by Michael Gibson

**P**ARIS — Most portraits appear to be suspended in a hazy zone between art and life, belonging fully to neither. There are those, of course, that strike us instantly as great art (think of Van Eyck, for example, or Rembrandt) while others cannot claim to be more than a family keepsake with the faintest of magic overtones. But the great majority seem to lurk in a world in between, a sort of limbo from which they cannot emerge as they hang, unnoticed, from the walls of a museum or a private home.

That is why an exhibition such as "Italian Portrait Painting in the Days of Tiepolo" (Petit Palais to Sept. 5) turns out to be so unusually significant. What we discover here is an assembly of 85 figures portrayed by 55 artists, all of them belonging to the 18th century.

One might have an unfavorable preoccupation, precisely because the whole thing can suggest an assembly of ghosts — of beings who are no longer alive but who cannot quite succeed in dying — or even worse, perhaps, an art historian's arid fancy. But these notions are quickly dispelled, for these ghosts are astonishingly alive and they come from all walks of Italian life: some kings and nobles, quite a few artists, wealthy burghers, musicians, intellectuals, men of the cloth, and men, women and children of what one then called *il popolo*.

No single painting in the collection touches me as "pure art" in the way that, say, Rembrandt's portrait of Hendrickje or his Jewish Bride does. The reason for this is that Rembrandt somehow divests his subjects of social frills and presents them in the full intensity of their humanity. This does not mean that the Jewish Bride and her future husband are not socially defined by the clothes they wear, but thanks to Rembrandt's art the signs of wealth themselves merely appear to heighten the couple's tenderness and solemnity, until that is all that strikes us, as though we were looking at a lion and his lioness in an attitude of dignified affection.

The Italian artists, for all their outstanding quality, are oozes of them on this utterly transcendent level, but that is precisely what makes them interesting to the viewer today. They are much too deeply involved in the social complexities of their time and its peculiar rhetoric to be concerned with their subject's humanity. They are clearly concerned with his, or her, lusts and vulnerability but they are also fascinated by the person's social destiny.

The result is that the viewer walks out of the show with the same sort of feeling he can get from having seen a first-rate historical film — Rossellini's "La Prise du Pouvoir par Louis XIV," for instance, or Ettore Scola's "La Nuit de Varenne," where actors in period dress are suddenly changed into flesh and blood.

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Count Giovanni Sacco Suardo by Ghislandi.

ib — shows Broschi looking out at us with a hint of irony and good-natured humor.

Among the artistically most-successful works there is Alessandro Longhi's portrait of Giulio Contarini, whose bright-eyed sagacity is tempered by the unusual dominance of blue, which covers the painting in its harmonic changes. Longhi also produced an almost-conventional portrait of a playfully pompous high official of the Venetian republic, Giambattista Tiepolo is represented by four works, including a theatrically dramatic portrait of a man of letters, Antonio Ricchonni, who looks up from his book; his head turned towards the viewer, as though the visit rather disturbed him.

Not all these portraits are equally interesting

because in some cases the filter of convention has the same effect as a soft-focus filter in a David Hamilton photograph. But even these works are an interesting part of the exhibition, precisely because they allow us to guess at the conventional values of the day and the social class in question.

The merits of the show are numerous, but perhaps the most interesting is that it brings the Italian 18th century alive in its astonishing diversity, stripping away from the visitor's lazy imagination all the stereotypes with which we too easily overlay all that is remote from us in time and space.

## From the '60s, When Everything Went Pop

Edie: An American Biography

by Jean Stein

Edited with George Plimpton

Alfred A. Knopf, 435 pages, \$16.95.

by Rhoda Koenig

**N**EW YORK — Start with the pictures if you don't remember who Edie Sedgwick was. There is the turn-of-the-century portrait of four sisters in satin gowns, the most beautiful one, May Minnie, would later become Edie's grandmother. Then there is the photograph of Edie's father, Francis, reading to his adoring family in a living room decorated in early 19th-century California ranch. Farther on, we come to Edie acting in a film. Wearing a black lace bra and panties, she sprawls on a bed, looking off at her director, Andy Warhol. A young man is called around her, presumably awaiting instructions. At the end is a photograph of Edie's headstone. That is all.

"Portraiture is, of course, a dirty word today. The public thinks the image is there to flatter them, to boost their ego, and a lot of

ways had more breeding than money, but their sense of importance in the western part of the state was immutable and serene; as Marquand's son wickedly remarks, they believed "that on a summer's night in Stockbridge the cricket sang Sedgwick, Sedgwick."

The trouble began with Edie's father. He and a brother were delicate children (the brother died at prep school after catching pneumonia for the third time), so Grandfather Sedgwick moved the family to the warmth of Santa Barbara. But Southern California has never been famous for improving anyone's mental health. Soon after Francis Sedgwick graduated from Harvard, he had two nervous breakdowns and was diagnosed as a manic-depressive. Between the two, however, he had found a bride — Alice de Forest, the daughter of a railroad millionaire. Her parents were willing, but the doctors were adamant: Alice must never have any children. Irrationality ran high on both sides of Edie's inheritance. Alice had speed and heroin, a shot in each arm.

"Edie" hasn't been written by Jean Stein. It is a compilation of segments from interviews with people who knew Edie and the other Sedgwicks in Cambridge, New York and California, and the private world and the general isolation from the rest of society. But what makes the Sedgwick story "American" in the sense in which Stein means us to take it is the example of bitterness and self-indulgence Francis gave his children. Disappointed in his expectations by some \$39 million (his father-in-law had lost most of his money in the Crash), Francis Sedgwick lashed out at his wife and children from a facade of invulnerable virility. A strikingly handsome man well into his 50s, he prided about the ranch nearly nude to show off his well-disciplined, muscled body; he seduced all his wife's friends and neighbors, or tried to, or acted as if he had; he made advances to his son's girl friends, to his daughter's girl friends, and if they are to be believed, to his daughters. One son, in his third mental hospital, hanged himself. Another, after a similar tour, drove his motorcycle into the side of a bus.

In other circumstances — a family with more control or less money, a town with fewer opportunities for exhibitionism — Edie might have pattered along harmlessly. A generation or two before, she might have been kept in the parlor, or the attic, perhaps mated with some chinless wonder. A few years later, when Warhol became the *sine qua non* of female self-respect, she might have immersed herself in a job, perhaps even creating or accomplishing something to give her a feeling of worth.

But after raising a little hell in her father's university town, she took it to New York where she found it was a cash crop. Andy Warhol photographed her in black underwear for his movies: *Vogue* shot her in it for its fashion pages. Edie was applauded for going to parties in a black leotard and a white min-



Edie Sedgwick.

spaced-out daughter of a wealthy family: "I can tell you, I'm nearly the last person in the world who would ever consider doing a sex scene for a movie in a rubber suit in the middle of an indoor swimming pool at the health club." Some of them are deranged dowagers. Diana Vreeland: "Edie had a wonderful look about her. Lovely skin, but then I've never seen anyone on drugs that didn't have wonderful skin."

In 1969, Edie was in the psychiatric ward of another hospital — the Santa Barbara one where she was born — after being arrested on a drug charge. There she met a fellow patient, Michael Post, who became fascinated by her and proposed two years later. Edie was game: "She told me she was ready to marry anyone as long as he could keep her in enough sleeping pills." A few months after their wedding she could from home were looking for another daddy to tell them what to do.

"Edie" is a good book to read if you pine for the swinging '60s and still at having had to live through the boring '70s. Listen to those stories. Look at those eyes. There are worse things than being bored.

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## In Poland, an End To Asking Questions

by Victoria Pope

**W**ARSAW — If the film "The Interrogation" had an identity stamp, it would say "made in Solidarity's Poland." And so it poses problems for Poland's martial law authorities.

It's not that the movie describes the Gdańsk shipyard strikes or the life of Lech Wałęsa. Set in Poland in the 1950s, it is the story of Tonia, a young cabaret singer who falls victim to the arbitrary abuse of power that became known as Stalinism. She is jailed, tortured and relentlessly questioned by the security police, who try to force her to confess to trumped-up charges. She never succumbs.

The boldness with which this often-brutal tale is told has the distinct markings of the Solidarity era when artistic freedom was greater than at any time in 37 years of Communist rule. Martial law, which began last Dec. 13, cut deeply into those liberties. Theaters were closed and films were withdrawn from distribution.

"The introduction of martial law naturally had a chilling effect," says a leading theater director. A Warsaw film director agrees, adding his own bleak assessment: "We are going back to a situation where we don't control anything."

"The Interrogation" was not quite finished when Poland's military regime took power from what had virtually become a people's movement under Solidarity and its leader, Wałęsa — Ryszard Bugajski, the director, shot the last scenes right after Dec. 13. The movie was edited by early March and presented to a panel to approve or reject its release. So far, the judges have delayed their decision, but their criticism of the film has been sharp. Bugajski, 39, fears it could be shelved for years. "I'm doing my best to save it," he says.

The jury, which is empowered by the Ministry of Culture to decide on the fate of the film, complained bitterly about the subject matter, adds Bugajski, who sat in on discussions after the screening. "They called it any 'anti' you could think of — anti-state, anti-socialist, vile."

Bugajski says one judge thought the most serious flaw of the film was that it expressed only the point of view of the prisoner, suggesting that the director was remiss for not explaining all the reasons the security police employed torture techniques. Another judge, according to Bugajski, commented that "We didn't use torture just for bad reasons, we had good reasons, too."

There is no doubt that "The Interrogation" would draw large audiences in Poland. It is the first East European film to focus on the security

police and the first offering a frank description of Stalinism. The period has been left so unexplored that one critic, discussing the film in private, called it "repayment for human outrage." He found the characterization of Tonia — a vacuous woman who grows valiant — a triumph. This film is a reply to the total silence that ruled our times," the critic says.

Tonia, played by Krystyna Janda, is Bugajski's vehicle for portraying torture under Stalinism. She is beaten and berated, forced to drink a mixture of spirtle and vodka, and locked in a narrow cell that slowly fills with water. When one torture fails, another is introduced. Like Tonia, thousands of Poles were imprisoned without cause in the 1950s. Security was kept on a wartime footing, and thousands of Soviet military advisers were positioned around the country.

It's not just Bugajski's film that is breaking the silence about Stalinism. Felix Falk, an acclaimed Polish filmmaker, has directed "That Was Jazz," about the banning of jazz music in the 1950s. And Wojciech Marczewski made "Thrills," a film about the same era that won five awards at the Berlin Film Festival this year. Marczewski's film ran in Polish theaters for three weeks before it was withdrawn at the start of martial law.

All these films reflected the relaxation of censorship during the 16 months of the Solidarity trade union movement. Bugajski, a member of the Polish film unit headed by Andrzej Wajda, did not need to have his script approved by the Ministry of Culture. Only Wajda and other film unit leaders reviewed it — a bold departure from the strict control that had dominated the arts in East Europe. (While shooting a film in Paris, Wajda — best known for "Man of Iron" about the Gdańsk shipyard strikes — heard about Bugajski's difficulties and responded with a scathing letter, defending the film as a "dazzling debut" and calling the judges "not competent to assess a cinematographic work from an artistic point of view.")

Still, some Polish officials have supported Bugajski. He says he learned that when colleagues from film units outside his own, including two directors, wanted to destroy the master print of "The Interrogation," the Ministry of Culture intervened.

What Polish filmmakers fear is a frontal assault on artistic expression, as occurred in Czechoslovakia after the Soviet invasion in 1968, when negatives of unreleased films were destroyed and many artists were blocked from working. "Czechoslovakia became a creative desert," says a Polish director, Krzysztof Kieslowski. "It was catastrophic ... We should draw conclusions from that."







## BUSINESS / FINANCE

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## BUSINESS BRIEFS

## GM to Modernize Antwerp Plant

BRUSSELS — General Motors Continental said Friday that it will invest 4.5 billion Belgian francs (\$86 million) in the next two years to modernize its Antwerp plant.

The company already has invested 10 billion francs in its Antwerp factory in the past two years. The plant, which produces Opel and Vauxhall autos, employs more than 12,000 workers.

## Japan Consumer Electronics Slows

TOKYO — Japanese production of consumer electronic products in April registered the first year-on-year fall in three years, the Japan Electronics Association said Friday.

April production — including stereo tape recorders, color television sets and videotape recorders — fell 3.7 percent from a year before to 278.4 billion yen (\$1.08 billion). The total was up 0.3 percent from March, however.

Slow demand for consumer electronics products is expected to persist for months, the association said. But, it said, output of electronic products for industrial use — including computers, telecommunications systems and office automation equipment — in April rose 10.9 percent from a year earlier to 284.9 billion yen. Electronic parts output rose 7.5 percent to 285.1 billion yen, bringing total output of electronic products to 548.4 billion yen, up 4.6 percent from a year earlier.

## Japan Expands Deep-Sea Mining

TOKYO — Japan has approved a measure designed to expand the supply of metals from deep-sea mining, the Natural Resources and Energy Agency said Friday.

The law allows the government to establish joint ventures with the private sector that will expand the scale of a mining project currently being run by the official Metal Mining Corp.

The government is drawing up plans for the creation of an official stockpile of 13 metals, including manganese, nickel and cobalt, for the equivalent of two months' consumption, the agency said.

## Tootall Cancels Australian Sale

LONDON — Tootall Group has pulled out of the projected £24 million (\$42 million) sale of its interest in Bradmills Industries of Australia, after intervention by the Australian National Companies and Securities Commission.

The commission's rule, which would forbid Tootall from investing the profit of the sale in its thread and knitwear businesses elsewhere in the world, was blamed by Tootall for delays that it said threatened to cause "unacceptable and commercial damage" to Bradmills.

It was announced that all agreements between Tootall and Bruck Australia concerning the purchase by Bruck of Tootall stockholdings in Bradmills Industries had been "recinded by mutual consent."

## Kobe Undecided on Aiding Wheeling

TOKYO — Kobe Steel Ltd. said Friday that it has postponed a decision on whether to help Wheeling-Pittsburgh Steel Corp. build a \$140-million seamless steel pipe plant. The Japanese concern, which has no facilities for making such pipes, announced in May that it had been asked to put up half the cost.

Kobe, Japan's fifth-largest steelmaker, sent survey missions to the United States in May and June to look into the U.S. seamless steel market and Wheeling-Pittsburgh's technical and financial conditions.

Kobe said Friday that it would not be wise to decide on the matter immediately, because world demand for seamless pipes is falling rapidly.

## Amstar to Suspend Sugar Refining

NEW YORK — Amstar Corp.'s American Sugar division plans to suspend indefinitely sugar refining at its Philadelphia plant, eliminating about 550 jobs.

The company also said Thursday that it plans to suspend beet sugar processing in Phoenix, Ariz. The moves reflect reduced consumption of sugar and rapid growth in the use of high-fructose corn syrup by industrial customers. American Sugar said that the switch to corn syrup has resulted in excess sugar refining capacity. "We must reduce our capacity to remain competitive," the company said.

An Amstar spokesman said the moves will not produce any write-offs.

(Compiled From Agency Dispatches)

## Offer for British Sugar Is Raised

(Compiled From Agency Dispatches)

LONDON — SEW Bersiford, reviving a two-year-old takeover battle, raised its offer Friday to £16.1 million (\$28.2 million), or 42.70 pence for the 60 percent of British Sugar Corp.'s shares that it does not already own.

Bersiford said it already has a conditional agreement to buy 6.3 million of the shares at that price from Rank Hovis McDougall.

British Sugar's chief executive, John Bersiford, dismissed as far too low Bersiford's latest bid, which values the sugar beet refiner's share capital at £28.2 million. He said he was amazed that Rank Hovis had agreed to sell its 10.5-percent stake for 42.70 a share.

British Sugar shares closed Friday at £4.60, down 10 pence.

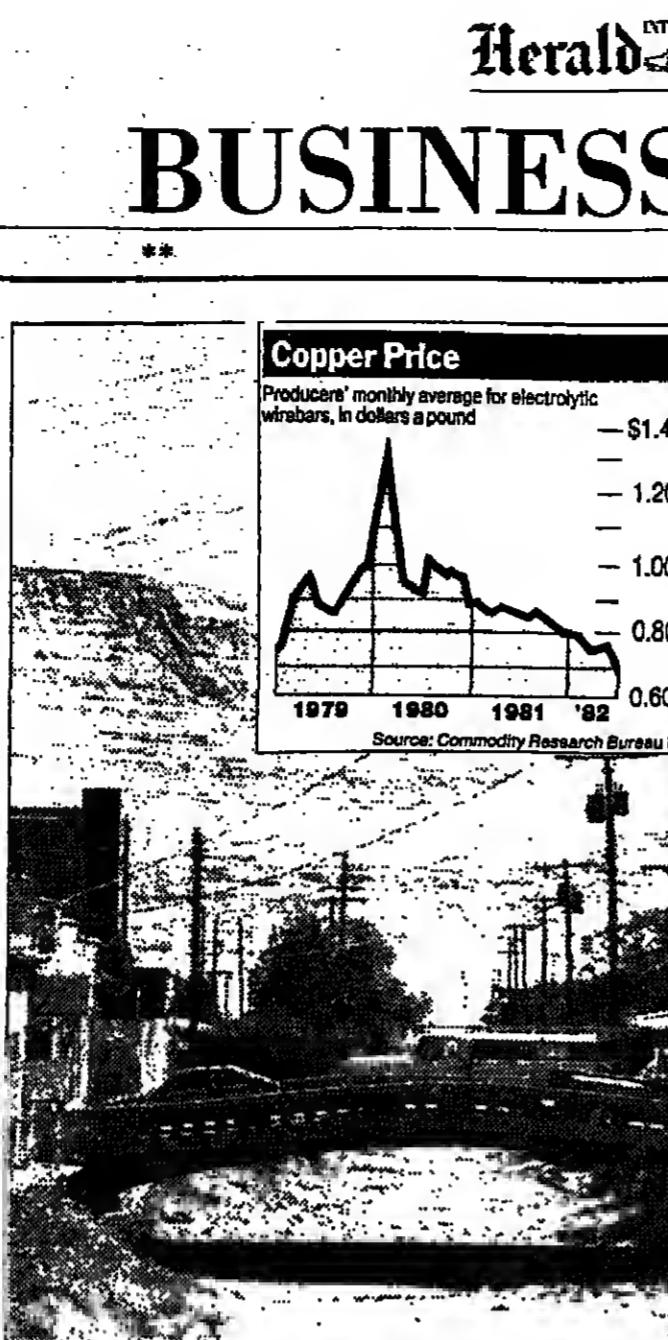
Bersiford, a food processor and commodities trader, made its first offer for British Sugar in May, 1980. That cash and share bid valued British Sugar at about £12.5 million, or £2.07 a share.

After a new bid was rejected in April, 1981, Bersiford raised its offer for the following month to about £3.35. At that point, Mr. Beckett declared: "Bersiford is still trying to get us on the very cheap."

Bersiford said Friday that its formal offer document will include an alternative consisting partly of shares.

If the takeover is successful, Bersiford said that it plans to sell British Sugar's 14.7-percent holding in Rank Hovis when market conditions are favorable. Bersiford said it saw no commercial justification for British Sugar's holding in Rank Hovis, which has attracted attention by developing new high-protein foods using advanced biotechnology.

Bersiford said its shareholders



The New York Times

Miami, Ariz., where Cities Service has a mine, is another town that is dependent on copper and is facing increasing layoffs.

## Falling Copper Prices Put Squeeze on Miners

By Lydia Chavez  
New York Times Service

MORENCI, Ariz. — Every day when he opens the newspaper, Art Windsor, who is a miner, turns to the financial pages, runs his fingers down the columns of black ink and stops at the price of copper.

It is a community ritual also performed by the saleswoman at the Pines Ladies Store, the manager of the bowing lanes, the county administrator in nearby Clifton and the chairman of Phelps Dodge Corp.

During the last six months, this daily spot-check has been stomach-wrenching. For in an era when corporations hedge their bets and conglomerates proliferate, Phelps Dodge and its 14,000 employees rely heavily on the single commodity of copper, a metal for which no one has paid break-even prices in nearly a year.

Most U.S. copper mines need 85 cents to \$1.25 a pound to break even, far more than the 68 cents a pound to which most producers lowered their prices recently. And prices on the Commodities Exchange, an indication of the trend, have fallen to around 60 cents a pound.

There is some hope in the industry that reduced inventories will help push prices back up to \$1 a pound for more by early 1983, but so far there is no indication in the level of orders that recovery will come that soon.

"Prices have been driven down to a level that none of us thought possible in previous times," said George Munroe, chairman of Phelps Dodge.

(Continued on Page 9, Col. 6)

## U.S. Money Supply Falls \$3.7 Billion

## Stock and Bond Markets Stage Rally On Hope for an Easing of Fed Policy

Compiled by Our Staff From Dispatches

NEW YORK — The Federal Reserve Board, outdoing even the most optimistic expectations, reported late Friday that the U.S. money supply, M-1, fell \$3.7 billion in the week ended June 30.

Prices on New York stock and bond markets were sharply higher, as interest rates eased and traders began to see signs of the Fed easing credit.

The Fed, in reporting the decline of the money supply after the markets closed, also revised downward its figure for the previous week — a decline of \$2.5 billion rather than the \$2.2 billion drop reported last Friday.

Analysts had expected a decline in the money supply, but the farthest anyone had gone was to predict a fall of \$2 billion.

The Fed report came at the end of an optimistic day. The Dow Jones industrial average closed up 9.14 to 814.12, with about two-thirds of the gain coming in the afternoon. It was the highest closing point for the Dow average since June 3, when it finished at 816.50.

Advances led declines by an 11-to-1 margin, and volume rose to 65.9 million shares from the 63.3 million traded Thursday.

The NYSE rally started Thursday after Continental Illinois cut its broker loan rate to 15½ percent from 16 percent. It gained momentum Friday morning when Chemical Bank and U.S. Trust also lowered their broker loan rate.

Changes in the broker loan rate often preface similar moves in the prime rate and late Friday afternoon Southwest Bank of St. Louis lowered its prime rate to 16 percent from the industry-wide 16½ percent.

Analysts said cash-laden institutions came off the sidelines when the Federal Reserve injected funds into the banking system, an indica-

tion to many investors the board has decided to ease its credit policies.

Credit markets also continued to advance Friday fueled by expectations an easing in the Federal Reserve's monetary policy may be under way, dealers said.

A drop in the federal funds rate to 13½ percent from 13½ at the opening and an average 13.86 percent Thursday helped support the gains.

Long-dated bond prices added almost 1 point to Thursday's gains, leaving the 14s of 2011 at 103½ up from 102½, while Treasury bill yields were down another 12 to 30 basis points. This trading came before the Fed money supply report.

"There is a lot of speculation that the Fed is being more accommodative," said Daniel Napoli, head of government securities trading at Merrill Lynch Government Securities.

"Our economist scratches his head, grumbles, and says the Fed has not eased," one trader said.

"But the marketplace has decided otherwise." Until late this week, many traders were convinced that the Fed would not make credit more plentiful in the banking system because of the fear of a large money supply increase in early July.

On the NYSE floor, increased activity by institutions was shown by the heavy trading in blue chip and heavily capitalized companies, the most popular institutional investments.

Active issues in that group included IBM, up ¾ to 62½, Exxon ¼ to 26½, ATT, up ¼ to 51½, Eastman Kodak 1 to 73½, General Motors ½ to 44½ and General Electric 1½ to 66.

Caterpillar Tractor dropped 1½ to 35½. The company reported a 10 percent decline in second quarter earnings to \$9.7 million from \$15.8 million.

## Price of Gold Surges \$22.40 in New York

Compiled by Our Staff From Dispatches

NEW YORK — Gold prices surged and the dollar declined Friday as traders responded to an apparent relaxing of the Federal Reserve's monetary policy.

The price of gold for delivery this month on the New York Commodity Exchange climbed \$22.40 to settle at \$345 an ounce.

In earlier trading, gold soared \$15 in Zurich to close at \$328.50 and \$13.50 in London to end the day at \$28.50.

Speculators worldwide who had been holding futures contracts to sell gold began buying to offset those commitments, sending the price of bullion sharply higher. Dealers also cited new buying by commodity houses.

One analyst noted that traders generally are more optimistic about prices. "A lot of background forces are coming together at the right time," he said.

Chief among those forces Friday was a decline in short-term interest rates. The rate on federal funds, which are overnight reserves that banks lend one another, was trading at around 12½ Friday afternoon, down from an average of 13.86 Thursday, after the Fed supplied reserves to the banking system for the sixth consecutive day.

The Ambrosiano board resigned and requested on June 17 the appointment of official commissioners, one week after the disappearance of the bank's president Roberto Calvi. He was later found hanged in London.

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The Ambrosiano group holding company La Centrale slipped 6 percent from its Thursday close to 1,940 lire and continued to be heavily sold in after-hours trading, where it was down as much as 10 percent.

A source close to the central bank said Ambrosiano problems appear greater than those of Banca Privata Italiana, which collapsed in 1974. Banca Privata, controlled by former Italian financier Michele Sindona, was put into forcible liquidation with losses of between 500 and 600 billion lire.

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A recovery for the world economy is not ahead. World debt is going up by \$200 billion this year. What comes after Poland, Romania, Latin America? Are your time deposits in the Euro-Market in danger? Are bank stocks going down another 50%? If you do not want to lose money get the latest edition of our newsletter today. It is too expensive nowadays to lose more money.

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United Press International

Mana Said al-Oteiba, UAE oil minister and head of OPEC's market committee, sat with his delegation Friday.

Compiled by Our Staff From Dispatches

VIENNA — Oil Minister Subroto of Indonesia said Friday that OPEC ministers here were negotiating a package on production, output quotas for member countries and pricing differentials.

Mr. Subroto was speaking to reporters after ministers from OPEC countries agreed to extend their meeting to Saturday. He said a committee of experts would try to resolve problems over differentials before the ministers' meeting resumes.

OPEC's secretary general, Marc Ongena, added: "We have a lot of work to do tomorrow."

Mr. Subroto said he could not yet say if the OPEC ceiling on total output would be raised from the current 17.5 million barrels a day. Industry sources say overproduction by Iran, Algeria, Libya and Nigeria has raised OPEC production to more than 18 million barrels a day.

"We have to accept a reasonable leakage in the system," the United Arab Emirates oil minister, Mana Said al-Oteiba said Thursday. But, he added with a smile, "We don't want to get wet."

OPEC's 13 member nations agreed for the first time ever in March to set a production ceiling, 17.5 million barrels a day. Industry sources say overproduction by Iran, Algeria, Libya and Nigeria has raised OPEC production to more than 18 million barrels a day.

"We have to accept a reasonable leakage in the system," the United Arab Emirates oil minister, Mana Said al-Oteiba said Thursday. But, he added with a smile, "We don't want to get wet."

## How Booms Start from Panic Lows

## Dead Facts Induce Bottom-Area Sales as Trends Begin

After declines lasting as many as 16 years, Zenith Radio has been in liquidation 75 points below historic highs because of flat TV set sales while Mattel has been under pressure following a slump from \$53 to below \$15 because of fear that video-game market may reach saturation. To research such companies in detail, however, is to learn that interim factors which may appear of negative significance are part of broader growth strategies which could lead to enormous gains in sales, earnings and stock-market appraisals. Zenith has kept making TV sets at no profit because substantial capacity will be needed on new models involving additional features and interactive terminals and video-set formats now begin taking off at growth rates of up to 60 percent annually. Mattel's video games activities also have been designed to open new cable TV terrain. In a similar vein, IBM has been pounded because of softness in used equipment markets at the same prices where similar selling excuses were seized upon 11 years ago as the System 360 was superseded by the 370. Overall volume has since quadrupled with entirely new threshold industries having been launched and IOG strategists see the stock quadrupling just to catch up with interim improvement in circumstances and products. While Zenith has been liquidated and sold short aggressively because of Japanese competition and staff layoffs, a transitional Japanese lead in a few small sectors of the market has been leveraged via the expenditure of \$300 million in research and development outlays. This company also is ready to launch new industries in areas obviously requiring the cutting of personnel not prepared to upgrade capabilities. IOG technicians have developed long-term technical targets which could involve multiplication of equity. Similar rebounds are anticipated in shares of companies equipped to expand production of metals which will soon come into short supply because of capacity retardation resulting from terminal futures-market shakeouts. If you would like to begin understanding an expanding array of new growth prospects as markets complete now cyclical foundations, send the coupon for a series of complimentary weekly reports and IOG fund details.

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## Money Brokers, Clients Stung by Bank Failure

Los Angeles Times Service  
LOS ANGELES — On some days during the last year, William Goldsmith's clients bought as much as \$3 million in certificates of deposit from Penn Square Bank of Oklahoma City.

"It was a rapidly growing bank; it was a profitable bank," Mr. Goldsmith said in recalling why he and his Professional Asset Management company recommended the Oklahoma institution.

But this week, some of Mr. Goldsmith's clients found out that they may lose some of their deposits because of the bank's collapse.

And as a result, attention is being focused on Mr. Goldsmith and other "money brokers" — a relatively new, fast-growing breed of part-salesmen, part-financial advisers who sell large CDs for banks and savings and loan associations.

Money brokers have been around for at least a decade but have burgeoned recently in an environment of high interest rates, recession and corporate cash-flow problems.

To stay afloat, corporations have had to borrow unusually high amounts in short-term loans. The demand for short-term money has in turn led banks and S&Ls to search aggressively for funds — often in the form of large CDs of \$100,000 or more — to fill the loan demand. Such jumbo CDs usually carry a higher interest rate, but amounts over \$100,000 are not covered by government-backed insurance plans.

### Supplying Demand

Because of the demand for big CDs, the money brokers have found a growing demand for their services, often from smaller banks and S&Ls, who have more difficulty attracting big deposits.

Penn Square, a relatively small bank, apparently needed more and more cash for its growing portfolio of loans to oil and gas producers, drilling-rig operators and oil-service companies.

The large, traditional brokerage houses could have sold CDs for

Penn Square, but by policy they normally sell only for the largest, most reputable banks, such as Bank of America and Citibank. In these cases, the size of the certificates is often in the multimillion-dollar range. Also, the brokers often buy and sell big CDs for their own accounts, whereas money brokers only sell certificates to clients on a commission basis.

Mr. Goldsmith said the volume of business he handled for Penn Square varied widely, but on some days it reached several million dollars.

At the other end of the spectrum, money-market funds, among the most popular investment for individuals over the past two years, also were given a scare by the failure of Penn Square.

Several large money-market funds said Thursday that they would curtail investments in unsecured debt and uninsured deposits of major banks that face big losses from the collapse of the Oklahoma City institution.

A number of money-market funds said the failure had rocked confidence in the financial diligence of certain major banks — some of which already were being shunned by money managers as overly aggressive in their lending and weak in making full disclosure of problem loans.

In addition, other financial institutions — including more than 100 credit unions — had made deposits in Penn Square that exceeded the \$100,000 insurance provided by the Federal Deposit Insurance Corp.

The credibility of the banking industry is a little bit on the weak side — with certain banks particularly," said a credit analyst at one major money-market fund, who asked for anonymity.

Money funds — which have a total of about \$200 billion in assets — have emerged unscathed so far from the Penn Square affair. There have been no reports that any money fund had invested in securities or certificates of deposit issued by the Oklahoma bank. While a spokesman for the Federal Deposit Insurance Corp. said the agency does not know whether any money funds would be hurt, a Securities and Exchange Commission official said he doubted that any money funds were significantly involved.

Mr. Wender's resignation, announced after a directors' meeting in Chicago Thursday, had been ru-

## U.S. Regulatory Officials Knew Of Penn Square Troubles in '80

By Robert A. Bennett  
New York Times Service

NEW YORK — U.S. bank regulators knew for more than two years that the Penn Square Bank of Oklahoma was in serious trouble but were unable to prevent its collapse last Monday, banking sources have said.

Early in 1980, the Comptroller of the Currency, the arm of the Treasury Department that regulates federally chartered banks, had placed Penn Square on a list of problem banks and ordered the bank's management and directors to correct the problems, the sources said Thursday.

Between the beginning of 1980 and the failure Monday, the sources said, Penn Square was subject to five examinations by the Comptroller's office, including the one that led to its closing. Yet, except for a short period, Penn Square's down-ward trend continued.

Although Penn Square had assets of about \$300 million, it had generated more than \$2 billion in loans to oil and gas operators in Oklahoma, which it then sold to banks elsewhere in the country.

The failure of many of these loans to be repaid appears to have been the main reason for the bank's failure. Several major banks, including Continental Illinois National Bank & Trust, the sixth largest U.S. bank, have reported that they will incur big losses as the result of the transac-

tions. In addition, other financial institutions — including more than 100 credit unions — had made deposits in Penn Square that exceeded the \$100,000 insurance provided by the Federal De-

posit Insurance Corp.

Citing the likelihood of congressional hearings, the Comptroller of the Currency, C. Todd Conover, declined to comment on the issue. His predecessor, John G. Heimann, who resigned in May, 1981, to enter private business, was traveling and could not be reached.

Banking sources said that in early 1980 the Comptroller's office began to be concerned about Penn Square's loan sales. At that time, the bank was put on the Comptroller's problem list.

In addition to the loan sales, the sources said the Comptroller was concerned about other irregularities in Penn Square's operations. These included uncontrolled growth of Penn Square's own loan portfolio, insufficient liquidity and capital, an increase in problem loans, a huge concentration of loans to energy concerns and uncontrolled growth in contingent liabilities.

In August, 1980, the Comptroller entered a formal agreement with Penn Square in which the bank agreed to take specific steps to correct these problems. Regular progress reports were required.

An examination in September, 1981, indicated that the bank had shown some improvement and that it had come into "partial" compliance with its agreement with the Comptroller. Primarily, it had increased its capital position.

But an examination last March showed that Penn Square's position had "substantially deteriorated," the sources said. The examiners found "significant losses" in Penn Square's own loans and in loans it had sold to others. In addition, the bank had become heavily dependent on money borrowed from other financial institutions and therefore was highly vulnerable to any loss of confidence within the banking industry.

## Hard Times for Copper Country

(Continued from Page 9)

Dodge, the nation's second-largest copper producer — after Kennecott, a unit of Standard Oil of Ohio — and the largest copper producer in Arizona.

Phelps Dodge, known as one of the most efficient producers, shut down nearly all of its production on April 17 and laid off 3,800 workers in Arizona towns like Morenci and Clifton — towns that exist only because of the mines.

Other companies have also cut back, with layoff reports in the state, which last year produced nearly two-thirds of the nation's 1.7 million tons of copper, coming in almost daily.

"It is quite obvious that if things continue as they are, it's just a matter of time before the whole domestic copper industry shuts down," said Thomas E. Sciarra, manager of Asarco's southwest-mining department in Tucson.

Already nearly 16,000 of the state's 26,000 copper workers have been laid off and many of the others are on short work weeks. Most of these miners live in hard-scrab-ble towns that are smack in the middle of nowhere — defined by the mine, with faded pink and brown main streets and concrete block houses.

While mining accounted for only 2.5 percent of Arizona's non-agricultural employment last year, three of the state's counties — Greenlee, Gila and Pinal — rely

on mining for up to half of all their jobs.

When Phelps closed its operations at Morenci in April, the unemployment rate in Greenlee County shot up to 58 percent and, according to Manuel Perea, Clifton's town administrator, it now stands at 67 percent, the highest in the nation.

The long recession — miners call it a depression — has taken a toll on the copper industry in lost revenue, delayed improvements and accumulated debt. It is a setback that aggravates the industry's long-term problems of low-grade ore bodies and fierce competition from foreign producers.

As for miners, the price slump has made them take a long, hard look at their dependency on copper.

Phelps Dodge last made a profit during the final quarter of 1981, when its operating earnings totaled \$1.6 million on sales of \$344 million. In the first quarter of 1982, it lost \$19.1 million on sales of \$278.3 million.

Its short-term debt grew from \$42 million at the end of 1981 to \$98 million at the end of the first quarter.

### Not Alone

"They are in terrible trouble," said George Cleaver, an analyst with Merrill Lynch, Pierce, Fenner & Smith. "They're going to lose a whole lot of money this year."

So will every other major copper company.

Copper is used by the utilities industry and in automobiles, appliances and houses, all of which consumers are reluctant to buy as long as interest rates remain high.

While a relatively bleak outlook for the industry has been accepted in some of the state's other copper towns, it is not easy to swallow at places like Morenci, where the pay is good, the rents cheap and the cattle plentiful.

Morenci is about 30 miles off Highway 70 in southeastern Arizona.

At Morenci, most of the miners live in company housing, and pay \$100 to \$150 a month in rent. They are cared for at the company hospital, they bowl for \$1 a game at the company alley, and they can swim and view movies at company-built facilities that are leased to a private operator.



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## A.G. Becker Shuffles Top Team

New York Times Service

NEW YORK — Warburg Paribas Becker-A.G. Becker Inc., a New York-based investment company, has said that it has accepted the resignation of Ira T. Wender, president and chief executive. He will be succeeded by Daniel J. Good and John G. Heimann, whose titles will be co-chairman of the management committee, the firm said.

Mr. Wender's resignation, announced after a directors' meeting in Chicago Thursday, had been ru-

mored since last week when the company disclosed that its two major European shareholders would exercise options to take control of the firm and increase their holdings to more than 50 percent that ended June 30.

The two European shareholders are S.G. Warburg & Co., a British merchant bank, and Compagnie Financiere Paribas, a holding company recently nationalized by the French government.

The management change comes after Mr. Wender's announcement

that he would step down as chairman of the executive committee after serving as Comptroller of the Currency during the Carter administration. He had previously been the New York state superintendent of banks and has 20 years of investment banking experience.

Two weeks ago that the 89-year-old firm was "very sound" but suffering from a major decline in its equity business and that it stood to lose \$2 million in the eight months that ended June 30.

Mr. Good, 42, joined Becker as an associate 18 years ago and has been senior vice chairman, based in the company's Chicago office. Mr. Heimann, 53, joined Becker in New York one year ago as chairman of the executive committee after serving as Comptroller of the Currency during the Carter administration. He had previously been the New York state superintendent of banks and has 20 years of investment banking experience.

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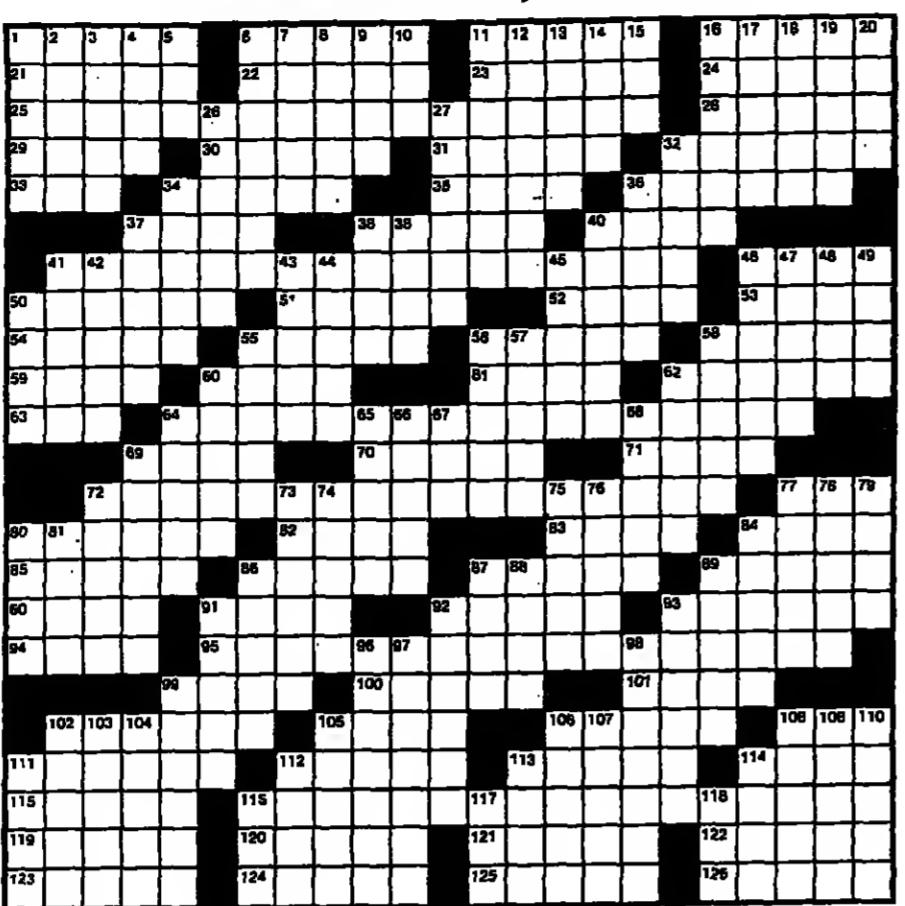
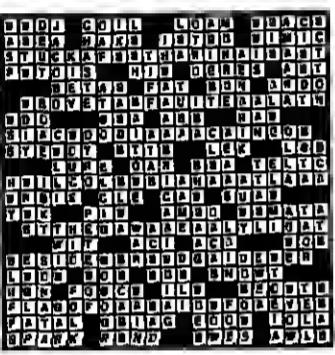
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**ACROSS**

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 121 Solis  
 122 Coronet  
 123 Till now  
 124 Men of letters  
 125 Nuclear particle  
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**DOWN**  
 1 Wooded area  
 2 Apply quotas  
 3 Mont. —  
 4 Luscious cherry  
 5 Hankering  
 6 Encr.  
 7 Eye part  
 8 Conform  
 9 Part of a bird's bill  
 10 Lac. —

**CROSSWORD PUZZLE****Breeding Reading** By William Lutwiniak**Solution to Last Week's Puzzle**

**DOWN**  
 11 Spanish married woman  
 12 Eager  
 13 Australian cry  
 14 Outfielder  
 15 Bur, to Ovid  
 16 Spangle  
 17 Grown-up  
 18 Duplicitous  
 19 Plantation  
 20 Spore  
 21 Will subject  
 22 Undo  
 23 Semblance  
 24 Sore  
 25 Chess bag man  
 26 Bushelman  
 27 Protein source  
 28 Numerical prefix  
 40 Belittled  
 41 Republic on the Gulf of Guinea  
 42 Floribundas  
 43 River of Brazil  
 44 Before  
 45 Totally  
 46 Rates  
 47 Flooded  
 48 Descartes  
 49 "The Waltons" role  
 50 Old tub  
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 57 Ballerina Shearer  
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 59 "The Waltons" role  
 60 Alpine house  
 61 Old tub  
 62 —self-defense  
 63 Scurvulous  
 68 Gaffe  
 81 Radial  
 82 Plant nuisance  
 83 Home-run champ  
 84 Oise feeder  
 85 "Drake" poet  
 86 Before  
 87 Pup up  
 88 On the Matone  
 89 "The Waltons" role  
 90 "The Waltons" role  
 91 Alpine house  
 92 Lover of Cupid  
 93 Bakery item  
 94 Drum beat  
 95 Utensils on pencils  
 96 Sugar source  
 97 Old Nick  
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 99 Sop  
 100 African capital  
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**WEATHER**

	HIGH	LOW		HIGH	LOW	
ALGARVE	30	25	21	70	50	LOS ANGELES
AMSTERDAM	28	23	18	61	41	MOSCOW
ANKARA	27	23	18	58	41	MILAN
ATHENS	28	24	13	57	41	MIAMI
AUCKLAND	14	10	3	37	40	PHILADELPHIA
BANGKOK	31	26	18	55	41	NEW YORK
BELGRADE	25	11	52	57	44	OSLO
BERLIN	29	19	13	52	44	PARIS
BOSTON	22	18	12	55	41	PEKING
BRAZIL	26	21	15	55	41	PEKING
BUCHAREST	26	19	12	54	41	PHILADELPHIA
BUDAPEST	27	20	12	54	41	SYDNEY
Buenos Aires	32	35	7	45	41	TELEAVIV
CAIRO	34	27	13	52	41	TOKYO
CARLS TOWN	14	57	13	54	41	TURKS & CAICOS
CASABLANCA	34	23	13	54	41	VENICE
CHICAGO	31	26	13	54	41	VIENNA
COPENHAGEN	22	17	12	54	41	WAWSAW
COSTA RICA SOL	26	21	12	54	41	WASHINGTON
DAMASCUS	26	19	13	59	41	ZURICH
DUBLIN	65	55	26	59	41	
EDINBURGH	21	10	13	53	41	
FLORENCE	35	25	12	59	41	
FRANKFURT	34	25	12	59	41	
GENEVA	31	28	13	59	41	
HARARE	26	18	7	45	41	
HELSINKI	19	14	13	59	41	
HONG KONG	31	26	13	59	41	
ISTANBUL	22	22	12	59	41	
JERUSALEM	22	12	14	54	41	
LAS PALMAS	27	23	13	54	41	
LIMA	21	16	13	54	41	
LISBON	28	21	13	54	41	
LONDON	28	23	17	53	41	

Readings from the previous 24 hours.

**BOOKS****CHURCHILL AND DE GAULLE**  
By Francois Kersaudy. 476 pp. \$19.95.  
Atheneum, Vreeland Ave., Totowa, N.J. 07512

Reviewed by Stanley Hoffmann

SEVERAL books have been written about the stormy relations that existed during World War II between General de Gaulle and the U.S. government. Strangely enough, there was no comparable study of the relations between de Gaulle and the British, even though it was England that he launched his famous appeal for French resistance on June 18, 1940, and even though the British were the first to recognize him as the leader of the Fighting French, providing him with a base and with supplies.

This gap has been almost filled by Francois Kersaudy's excellent book. Not quite — because he concentrates on the relationship between de Gaulle and Churchill, which is not as complete a story as that of the relations between the Free French and the British.

On balance, Kersaudy throws more light on Churchill than on de Gaulle. The latter's suspiciousness of British intrigues, his distrust of British intentions toward French colonial possessions or protectorates (especially in the Near East), his dislike of Churchill's voluntary subordination to Roosevelt's wishes and priorities, his intransigence and conviction that he was too poor, too devoid of power and resources to yield to the great states on whose policies France's fate depended, his relentless fight to defend French sovereignty, and to harness French resistance, all these are well known (thanks largely to de Gaulle). What was not so well known are Churchill's repeated attempts to remove de Gaulle from his position as leader of the Free French — attempts de Gaulle always outmaneuvered — or the depth of anger which the general's methods provoked in Churchill, particularly during the four Franco-British crises over Syria and Lebanon (summer, 1941; summer, 1942; November, 1943, and spring, 1945). At the Casablanca Conference in January, 1942, where Churchill and FDR tried to force a "shotgun marriage" between de Gaulle and General Giraud (America's favorite), Churchill was more indignant against de Gaulle than Roosevelt. Kersaudy also shows how important a role Churchill's foreign minister, Anthony Eden, played in calming down Churchill and in serving as a mediator between the troublesome general and the exasperated prime minister. And he points out that de Gaulle ultimately prevailed, largely because the course and the cause he defended were approved by British opinion, the British press and many British politicians.

Much of the book is highly entertaining: the two leaders often behaved like prima donnas (and so did FDR). The pages that tell of the many maneuvers preceding journeys or invasions — what could be called the politics of symbolic protocol — are often very funny. But there were serious stakes behind these antics. Churchill appreciated de Gaulle's great enterprise, but he wanted a more docile ally, in order to remain free to have some relations with Vichy France, and above all in order to have good ones with Roosevelt, who detested de Gaulle, and whose policy toward France was a horrid mix of high-handedness, contempt, willful ignorance and wishful thinking. De Gaulle, of course, fought in order to preserve France's assets and France's status from the constant encroachments of its big allies, to prevent an Allied military government from running liberated France like an occupied territory (as Roosevelt had planned).

and to restore France's position in Europe — to reverse, as far as was possible, the debacle of 1940. De Gaulle, having waited in vain for more famous French leaders to call for resistance, soon came to see himself as the only valid custodian of France's interests. Churchill, without going as far as Roosevelt in distrusting the general's motives, came to see in him a "danger to European peace" and an enemy of England. Clashes were inevitable. The two men's hypersensitive personalities made them worse.

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Another question concerns British foreign policy. It was Churchill — the half-American champion of the English-speaking peoples — who set Britain on another kind of disastrous course, that of becoming the minor partner of the United States, rather than acting as the leader, with France, of a revived independent Europe. It is a course which Eden deplored ("Can't we have a foreign policy of our own," he once asked) and which he tried, belatedly and clumsily, to reverse at Suez in 1956. It was also the deepest cause of disagreement with de Gaulle, who had no illusions about either Britain or France's ability to "persuade" the stronger, and who wanted the two to act as European allies to set up their own, and European, course, and imposed it on the superpowers, "hampered by their rivals." Forty years later, France is this respect remains firmly on the Gaullist path, but Britain wanders in the no man's land between a "special relationship" with the United States that has proved disappointing, and a membership in the European Community that remains half-hearted.

Stanley Hoffmann, Douglas Dillon Professor of the Civilization of France and chairman of the Center for European Studies at Harvard, has written widely on government and international affairs. He wrote this review for The Washington Post

Yesterday | Jumbles: VAGUE DROOP FLORID CAUGHT

Answer: An animal you wouldn't want to see cross your path — A ROAD HOG

Answers Monday

Imprimé par Offprint, 73 rue de l'Evangile, 75018 Paris

"I'M GONNA SIT HERE 'TIL I DIE... OR GET HUNGRY."

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